

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 L-03 H-03 EB-11 COME-00 RSC-01 DRC-01

/040 W

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R 102015Z APR 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 2733

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: BEXP BR

SUBJ: STATE TRADE PROMOTION OFFICES IN BRAZIL-GEORGIA/ILLINOIS

1. LOUIS W. TRUMAN, COMMISSIONER STATE OF GEORGIA, DEPARTMENT OF COMMUNITY DEVELOPMENT, AND THEODORE N. SILVERMAN, DEPUTY DIRECTOR FOR INTERNATIONAL TRADE, DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT, STATE OF ILLINOIS, CALLED ON THE AMBASSADOR ON SEPARATE OCCASIONS TO DISCUSS THEIR STATES' PLANS TO SET UP TRADE OFFICES IN THE CITY OF SAO PAULO.

2. IN THE GEORGIA, CASE, ARRANGEMENTS HAVE ALREADY BEEN MADE TO OPEN SUCH AN OFFICE TO BE STAFFED ON A PART-TIME BASIS BY A US CITIZEN WHO IS RESIDENT IN SAO PAULO. THE STATE, HOWEVER, DOES NOT YET HAVE APPROVAL FROM THE FOREIGN MINISTRY FOR THE ESTABLISHMENT OF SUCH AN OFFICE. STATE REPRESENTATIVES HOWEVER, MADE CALL AT FONMIN AND ADVISED OFFICIALS OF THEIR ACTIONS.

3. MR. SILVERMAN, THE ILLINOIS DELEGATE, INDICATED THAT HE WAS INFORMED BY LEGAL COUNSEL THAT IT MIGHT BE NECESSARY TO SET UP A BRAZILIAN CORPORTATION TO ESTABLISH SUCH AN OFFICE. MR. SILVERMAN WANTED TO AVOID SUCH AN ACTION. CONSEQUENTLY, PRIOR TO CALLING ON THE AMBASSADOR, HE HAD VISITED THE FONOFF AND DISCUSSED SUBJECT WITH COUNSELOR FRASSINETTI

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PINTO, HEAD OF NORTH AMERICAN DESK IN FOREIGN OFFICE AND ACTION

OFFICER ON SUCH REQUESTS.

4. EMBOFF DISCUSSED CASES IN DETAIL WITH FRASSINETTI WHO CONVEYED FOLLOWING INFORMATION:

A. IF SPECIAL PRIVILEGES ARE SOUGHT, A FORMAL NOTE WOULD HAVE TO BE SENT BY THE EMBASSY INDICATING USG INTEREST IN SUCH AN OFFICE AND THAT THE US IS REQUESTING SPECIAL PRIVILEGES FOR A PARTICULAR STATE. THIS METHOD WAS RECENTLY USED BY CANADA TO SET UP AN ONTARIO PROVINCE TRADE PROMOTION OFFICE IN SAO PAULO. AFTER ONE YEAR OF NEGOTIATIONS, THE FOLLOWING PRIVILEGES WERE GRANTED TO NON-BRAZILIAN PERSONNEL ONLY:

- EXEMPTION FROM BRAZILIAN INCOME TAX;
- IMPORT OF PERSONAL AUTO AND FURNITURE WITHOUT PAYMENT OF BRAZILIAN IMPORT DUTIES;
- BRAZILIAN LAWS CONCERNING RENTING OF FACILITIES AND HIRING OF BRAZILIAN PERSONNEL WOULD NOT APPLY;
- VISAS WHICH WOULD NOT LIMIT NUMBER OF ENTRIES INTO BRAZIL.

B. FRASSINETTI INDICATED THAT THE FINAL NOTES FORMALIZING THESE ARRANGEMENTS ARE JUST BEING SIGNED AND HE PROMISED TO FORWARD COPIES TO EMBOFF SOMETIME DURING THE WEEK OF APRIL 15. THESE NOTES COULD BE THE BASIS OF AN INITIAL US REQUEST FOR THE ABOVE PRIVILEGES.

C. A SECOND METHOD OF GAINING APPROVAL FOR SUCH AN OFFICE COULD BE USED IF THE US DOES NOT REQUEST SPECIAL PRIVILEGES. UNDER SUCH A SITUATION, A STATE SHOULD FORWARD A LETTER TO THE US DEPARTMENT OF STATE INDICATING THEIR WISH TO SET UP A TRADE PROMOTION OFFICE IN BRAZIL. THE DEPARTMENT WOULD FORWARD THE REQUEST TO THE EMBASSY WHICH IN TURN WOULD SEND A DIPLOMATIC NOTE TO THE FOREIGN OFFICE NOTIFYING IT OF THE STATE'S DESIRE. AS FRASSINETTI WAS NOT FAMILIAR WITH ANY PRECEDENT USING THIS SECOND METHOD, HE WAS NOT CLEAR AS TO THE FORM OF THE GOB RESPONSE. IT IS HIS IMPRESSION, HOWEVER, THAT THE GOB WOULD SIMPLY RESPOND TO THE EMBASSY'S NOTE INDICATING ITS APPROVAL OF SUCH AN OFFICE. HE ALSO STATED THAT TO HIS KNOWLEDGE, THOUGH IT WOULD HAVE TO BE CONFIRMED BY THE FOREIGN OFFICE LEGAL DIVISION, EVEN UNDER THIS SECOND METHOD, A STATE WOULD NOT HAVE TO FORM A BRAZILIAN CORPORATION.

5. COMMENT: THERE HAVE BEEN INFORMAL INDICATIONS THAT THE GOB WOULD EXPECT TO BE GRANTED PRIVILEGES SIMILAR TO THOSE LIMITED OFFICIAL USE

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GIVEN THE US STATE OFFICES, IF IN THE FUTURE, ANY BRAZILIAN STATE WISHES TO SET UP A SIMILAR TYPE OFFICE IN THE US. CONSEQUENTLY, ANY PRIVILEGES THE US REQUESTS FROM GOB MAY, AT SOME TIME, BE USED AS BASIS FOR SIMILAR GOB REQUESTS TO US.

6. IT IS EMBASSY'S UNDERSTANDING THAT MR. SILVERMAN VIA FRASSINETTI, IS FULLY AWARE OF THE CANADIAN AGREEMENT CONCERNING ONTARIO AND THAT ILLINIOS DESIRES SIMILAR PRIVILEGES.

EMBASSY REQUESTS WASHINGTON GUIDANCE AS TO MANNER IN WHICH
EMBASSY SHOULD PROCEED WITH THE STATE OF ILLINOIS REQUEST.

7. GEORGIA, AT PRESENT, IS NOT INTERESTED IN PRIVILEGES
SINCE THEY HAVE HIRED RESIDENT OF BRAZIL TO STAFF OFFICE.
ACCORDINGLY, EMBASSY REQUESTS AUTHORITY TO FORWARD NOTE TO
FONOFF NOTIFYING GOB OF INTEREST BY STATE OF GEORGIA AND
REQUESTING GOB APPROVAL.

8. SINCE WASHINGTON MAY WISH TO COMMUNICATE DIRECTLY WITH
RELEVANT STATE OFFICIALS, EMBASSY IS PROVIDING FOLLOWING
DATA ON STATE REPRESENTATIVES:

GEORGIA

LOUIS W. TRUMAN, COMMISSIONER
GEORGIA DEPARTMENT OF COMMUNITY DEVELOPMENT
601 TRINITY --WASHINGTON BLDG.
ATLANTA, GEORGIA 30334 TEL:
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRASIL02466
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740083-0204
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740453/aaaabvvn.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <11-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATE TRADE PROMOTION OFFICES IN BRAZIL-GEORGIA/ILLINOIS
TAGS: BEXP, BR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005